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NATIONAL REVIEW

Bulletin

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Do men make history or does history make men? Is the leader, the hero (or villain) one who is tossed to the surface by the tide of events, or one who directs the waters into a channel of his choosing? Historians and philosophers have long meditated the baffling problem posed by such questions. As modern states have expanded in population and complexity, the role of the individual has seemed to shrink toward that of a puppet whose postures and strutting, however spectacular their outward semblance, are only responses to the pull of impersonal forces. Tolstoy used his greatest novel, *War and Peace*, to express his conviction that even the first Napoleon was no more than a symbol pushed back and forth across Europe by obscure, irrational "movements of the masses." In this century the giant bureaucracies have moved in to become the puppet-masters.

The present crisis in European, NATO and Atlantic affairs is on the most optimistic estimate a fearful danger to the West, and perhaps a catastrophe: the West, instead of uniting more firmly in the face of a mortal enemy, is splitting apart. Can it be that by a strange paradox Western civilization is being vindicated by the terms of its own crackup? The precipitation of the crisis is undeniably the result of the act of one individual. It was by the free choice of Charles de Gaulle and from no other cause that Britain's application for Common Market membership was vetoed at the Brussels Conference. All members save France, and even a substantial majority of Frenchmen, were ready for acceptance; the U. S. and all NATO allies — both governments and peoples — were strongly in favor. But Charles de Gaulle said *No*, and it was No. By that stark negative, however mistaken in content, he affirmed the primacy of the individual and the reality of human freedom.

De Gaulle's free act at once shattered a whole façade of encrusted illusions that have been hiding the true condition of the West and the world. At least part of the pouting resentment of "the Anglo-Saxons" springs from the fact that de Gaulle has compelled them to open their eyes and look again at what they and time have wrought. If de Gaulle has made us see a little, we will live to thank him for his rude act at the same time that we reject his fatal policy.

The WEEK

○ 1) On January 17 American Ambassador William Porter and Algerian boss Ben Bella arrived at an agreement whereby the U.S. will hand out cash to Algeria. 2) Same day, Ben Bella promised to hand out cash to Holden Roberto and Eduardo dos Santos, leaders of the revolutionary army training in the Congo in preparation for an attack on Portuguese Angola.

○ Princeton University has reported that more than half of the $44 million it spent in 1962 came from government sources. Much of the government's share was related to scientific projects, and the scientific community is growing anxious over the trend. The chief worry is that such agencies as NASA ("the Space Agency") will pre-empt the scientific energy available and deflect it into unproductive channels, such as the celebrated "moon shot." The National Science Foundation supports about 2,700 fellowships each year. Within three years NASA, by contrast, will be granting 4,000 fellowships a year, and at a higher fee, in universities interested in "space-oriented research." NASA funds for this purpose have doubled every year for the past several years and are expected to keep growing at that rate for a few more. The scientists who have opposed such extravagant budget have in mind the limited supply of scientific talent. For they know, better than our gaggle of space-happy bureaucrats, that dollars can't create brains.

○ The Interstate Commerce Commission has finally allowed Southern Railway to set lower freight rates on grain hauled in its new hopper cars, whose heightened efficiency should attract a lot of customers and help to keep costs down at the other end of the line, where the housewife does her shopping. The irony in the story arises from the observation that the ICC, which was set up to protect the citizen from the rapacity of the railroad barons, has actually delayed this beneficial decision for a year and a

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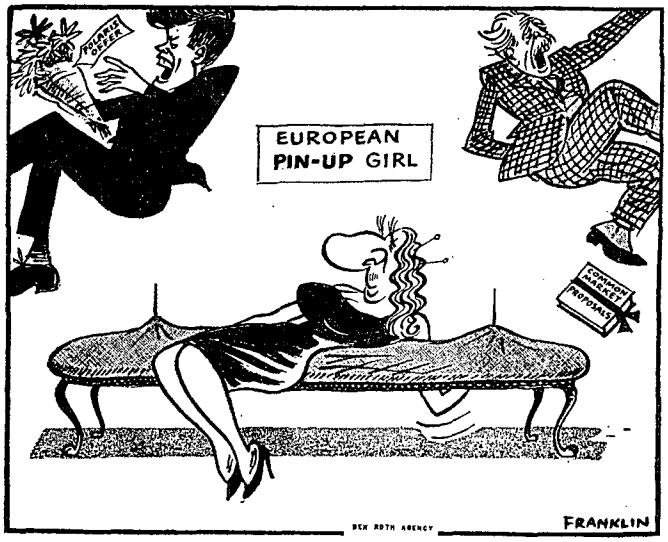
half—primarily at the insistence of TVA and other government agencies objecting to competition with their government-financed inland waterways.



Daily Mirror, England

● The witch doctors of Nyasaland have organized themselves into a union and announced that union rules and regulations will be strictly enforced. Any chief foolhardy enough to bargain in *bad* faith with the UWD-of-N can expect to end up bothered, bewildered and bewitched.

● The Center for the Study of Democratic Institutions held a monster two-day rally in New York to raise funds to keep its staff in the luxurious comfort to which it has become accustomed in its California dreamland. Senator Clark was there, arguing for the destruction of an independent legislature by having senators and congressmen all elected for four-year terms, in Presidential election years. Walter Reuther called for abolishing the free market by government price control. Senator Fulbright asked the citizens to stop pestering the Administration about foreign policy matters that can be understood only by the experts in the executive branch. And our Attorney General was there to suggest, perhaps, that Big Brother may look with a kindly eye on taxpayers who cough up at the Center's call.

● By a larger margin than the last time, the Senate has voted to preserve its rules for unlimited debate. In a sense, the senators voted to keep their jobs—because strict application of the majoritarian principle invoked in the fight against the filibuster, if extended logically, must lead to a fight to abolish the Senate itself.

● The International Association of Machinists demanded and last month was awarded an "agency" contract at Douglas Aircraft under which a non-union employee must pay the union an "agency fee" for allegedly performing services from which he benefits. Several dozen employees, who refused on principle to pay the fee to the IAM, promptly got sacked. Among them was John Seeley, for 27 years a tool and diemaker at Douglas, an advocate of free unionism, a former union organizer and a former shop steward. "I explained to everybody it was just a matter of principle with me," he said as he left.

● When JFK rescinded his rescission of the go-ahead on tests, AEC scientists heaved sighs of relief and once more hauled out the files on Project Plowshare. This bane of SANE deals mainly with the plain sense of moving earth quickly by nuclear blasts. Modern fusion explosions leave little radiation to contaminate the area, so we may see the day when the AEC will have carved a clean canal or dug a new harbor before Norman Cousins can say "protest rally."

● Although Canadian affection for the United States is nowhere near the "all-time low" headlined by the sensationalist press (it was much lower in 1940), the State Department's public criticism of Canadian weapons policy was ill timed. The real factors behind Canadian protests have little to do with the ostensible issue—in fact, opinion polls indicate strong support in Canada for nuclear arming. But resurgent French-Canadian nationalism has become anti-American rather than anti-British. French-Canadians are adopting a Gaullist outlook, and see U.S. influence as the big threat to their French culture. Many English-Canadians were upset by President Kennedy's humiliation of Prime Minister Macmillan, and are ready for a little Yankee-baiting. Support for Lester Pearson's Liberals has been growing as the Tory government drifted aimlessly. So Premier Diefenbaker decided to try to capitalize on both French and English resentments in order to undercut the Liberals with a tirade against Pearson as a lackey for Uncle Sam and an election campaign based on an emotional appeal to Canadian nationalism. Still, he plans no fortifications along the border.

● California's former senator William F. Knowland, now publisher of the *Oakland Tribune*, points the way for a GOP victory in the '64 Presidential election: it can win, he argues, but only if it directs its appeal to the Southern States and forgets about squaring the circle—that is, winning populous, urbanized California and New York. Knowland's views substantially confirm the strategy detailed by NATIONAL REVIEW publisher William A. Rusher in "Crossroads for the GOP" (*NR*, Feb. 12).

FOCUS ON . . .

1. Atlantic Mésalliance

The sharpness of de Gaulle's break with "the Anglo-Saxons" in his January 14 press conference was provoked by a memorandum from SDEC (the French CIA). This reported the secret negotiations between Washington and Moscow, including the deal on dismantling U. S. IRBM missile bases, arranged by Mikoyan in Washington after

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his Cuba visit; the U. S.-USSR understanding on the Himalayan War, and the bilateral talks on Berlin.

De Gaulle's first interview after the Brussels showdown was with Soviet Ambassador to France, Sergei Vinogradov—over the years a frequent visitor to Colombey-les-deux-Églises. A week later France signed a major trade agreement with the Soviet Union that has been hanging fire for months. France will supply capital goods in return for manganese, oil products and other raw materials.

The State Department and White House staff have been knocked completely off balance by the blowup in the Western camp. In spite of all the signs—including the prophetic analysis by Jacques Soustelle published a year ago in *NR*—no Administration higher-up expected so devastating an explosion; there was no preparation of a serious alternative policy for meeting it. U.S. diplomats in the field, swamped with sudden problems, are getting no guidance from Foggy Bottom.

Old Britain hands consider the 100% pro-British response in the American press to be a triumph of British propaganda techniques surpassing even the First World War's campaign on German atrocities.

The collapse of Washington's NATO strategy will almost certainly hasten the departure of Secretary of State Dean Rusk. If the Administration cannot devise a new policy, it figures it will at least have to provide a new face.

2. Strikes

The "publishers' agreement" in New York City, under which, if one paper is struck, they all close down, prohibits even the importation of the Western and Paris editions of the *New York Times*. These will accept new subscribers only in the eleven westernmost states. The U. S. delegation to the UN and the Library of Congress are among those whose subscriptions have been refused.

The East Coast longshoremen's strike was settled on the terms proposed by the Wayne Morse panel, which was called into being in disregard of the stated provisions of the Taft-Hartley Act. The wage increase comes to about 5%, much more than the President's suggested "guide" of 3%, but there has been no comment from the President.

After 19 days of total shutdown, Philadelphia buses, trolleys and subways started running again February 4. Next day the State Public Utility Commission set higher fares. The company estimated that one result of the new fares, necessitated by the higher wages, will be a loss of 100,000 passengers.

Secretary of Labor Wirtz, surveying the strike epidemic, has threatened compulsory arbitration if labor and management don't start settling their fights with less public damage.

Lockheed beat the union shop. Boeing has gone into the Taft-Hartley ritual.

PEOPLE: It's "open season" again on House Committee on Un-American Activities and House leaders of "get-Committee" movement are, once again, Democrats **William Fitts Ryan** and **Leonard Farbstein** (N.Y.), **James Roosevelt** (Calif.) and Republican **John Lindsay** (N.Y.). Anti-HUAC battle two-pronged this year: one campaign would cut off appropriations, other would smother it through merger into Judiciary Committee. . . . Rep. **August Johansen** (R., Mich.) who opposed Sept. Joint Resolution on Cuba as too weak, has introduced strong Joint Resolution calling on Pres. **Kennedy** to take what actions are necessary to "liberate Cuba from its present Marxist-Leninist regime." . . . Undaunted by proof that last time 'round Sen. **Kenneth Keating** (R., N.Y.) was right and the Administration wrong on Cuban military buildup, Rep. **Samuel Stratton** (D., N.Y.) bitterly accused Keating last week of "disgraceful irresponsibility" in reporting on mammoth Soviet garrison in Cuba. . . . Cuban economic czar **Che Guevara** urging Cuban teachers to train the young generation to hate and kill, according to Bolivian *Última Hora*. Paper quotes Guevara as saying: "There can be no mercy shown to enemies . . . all who oppose the revolution must die." . . . In New York, at UN seminar last week, **Lew Carliner**, a United Auto Worker official, told 300 union delegates that talk about the loss of freedom in Cuba was specious because "the Communists are giving them [Cubans] bread, schools and doctors."

Sudden appearance in mid-January of **Georges Bidault** in London did nothing whatsoever to soften **de Gaulle's** anti-Britain stand. . . . Despite criticism of West Berlin Mayor **Willy Brandt** for his willingness to meet with **Nikita Khrushchev** in East Germany last month, the Social Democratic Party says Brandt will again be its candidate in 1965 Chancellorship election . . . U.S. Ambassador to Paris **Charles Bohlen** studiously ignored by Quai d'Orsay since de Gaulle Jan. 14 press conference. Bohlen's own quip: "To be Ambassador to Paris has become a very restful job which will probably allow me to play a good deal of golf." . . . *How's that again? Dept.*: **Pablo Casals**, who has refused to play in Spain for a quarter century because it is a dictatorship, is scheduled to conduct his oratorio *El Pesebre* (*"The Manger"*) later this year—in Budapest.

Pres. **Sukarno**, whose growing arrogance and flagrant sexual immorality have made him Far Eastern Pin Up Boy # Last, has found someone to love him. The University of Indonesia announces it has awarded him an honorary degree as "renovator of national and world society."

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The Taxocrats

The testimony of Professor Arthur Burns before the House-Senate Economic Committee, in which he exposed the folly of the Kennedy tax proposals, was enjoyable as far as it went, but stopped short of two central considerations in tax policy.

First, a general reduction in tax rates is good *per se*, generates its own corrective forces, and need not be associated with other moves. Does someone insist on "reform"? But every reduction in rates is an automatic reform. Is government spending the problem? But the government spends anyway, without much regard for tax revenues. The deficit, then? But we've had deficits in 27 of the past 33 years, and shall we refuse to improve our tax policy because we now fear another? If the rate reductions are designed to stimulate effort and work and production, all of which is taxable, why not assume the U. S. will duplicate the experience of other countries by getting ultimately increased tax revenues after lowering the tax rates?

Second, the complexities of the tax law give rise to a subgroup of experts, even like Dr. Burns, who feed on the confusion and intricacy of the law. How many hundreds of thousands of people in and out of government—tax collectors, tax attorneys, tax accountants, tax advisers, payroll clerks, congressional committee staff tax experts—would be thrown out of work if the law were simplified? If the income tax law said, in one sentence, "Ten per cent, and no exceptions"? These are the taxocrats, the Lords of the Form 1040, who flourish and wax fat in the IRS jungle.

Castro Is the Enemy

Senator John Stennis is going to look into the Soviet military presence in Cuba. Senator Strom Thurmond has informed his constituents of the quantities of Soviet arms and troops there. Senator Keating has fought to expose the Soviet military buildup there. Secretary of State Dean Rusk, taking due note of the continued construction of barracks in Cuba, comes to the amazing conclusion that the Soviet *withdrawal* is going rather slowly. Defense Department and Administration spokesmen argue over the exact quantities of jet fighters, shaving the estimates of tanks and missiles still in Cuba, casting doubt on the Senate's sources of information. . . .

Watch out. When it comes to haggling about the merchandise, the Administration is on home ground. It will talk from now till Kingdom come about the reliability of intelligence reports and the insignificance of an incremental tank or two. All that is beside the point.

The main threat is not from a missile in a cave. Whether the Soviet troops come to 17,000 or 40,000 makes no difference in the first and final strategic judgment: Castro, and the Communist regime, with its plans for hemispheric subversion, must be wiped out. That is why Senator Goldwater was smack on course when he told an audience in

° At Home °

Washington

Faced with the collapse of its foreign policy, the Kennedy Administration has found a sacrificial lamb—Secretary of State Dean Rusk, who long ago surrendered his prerogatives to the Attorney General. The Administration's journalistic brethren have already begun to lay at his door the Canadian policy which has seriously jeopardized relations between the United States and its neighbor to the North.

Secretary Rusk, in short, is being blamed for the State Department's recent public show of ill temper and bad diplomatic manners. That there were willing voices in the Department's middle echelon is, of course, true. But the blast at the Canadians for not bowing to the Administration on defense policy was a considered move—and consistent with other Kennedy-dictated efforts to impose its will on what are now laughingly called our allies.

In two years, Mr. Kennedy has outraged the West Germans by the insulting tone of his discourse with Chancellor Adenauer. He has won himself the suspicion and anger of the Dutch for engineering the sellout to Indonesia in the Papuan controversy. He has ridden roughshod over the Belgians, the French, and the British in his support of the UN's Katanga adventure. He has failed to stand by Portugal in Goa and has aroused the Portuguese Government by encouraging Communist-favored revolution in Angola. He has slapped Great Britain by his handling of the Skybolt affair. And he has unleashed his petulance on President de Gaulle whose major crime seems to be that he is thinking first of France and secondly of Mr. Kennedy's tender sensibilities. If Secretary Rusk was primarily responsible for the Canadian *gaffe*, he was simply playing "follow the Leader."

It will be weeks before the Senate finishes its long current look at the Cuban situation. But there are some who say that however damaging to the White House its conclusion on the Soviet arms build-up may be, nothing will be done. It is accepted here that Mr. Kennedy and Comrade Khrushchev have arrived at some "accommodation" over Cuba. Any action by the President now would be an admission that he has been had—hardly a secret.

What concerns the White House is not the growing menace of the Soviet military base in the Caribbean, but any public disclosure of the Administration's less-than-candid cover-up. Defense Department "news managers" are burning the midnight oil, hoping to put a good light on the President's do-nothing Cuban policy. But they are caught on the horns of a dilemma (which Senator Strom Thurmond has neatly pointed out):

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The White House is attempting to have it both ways. At the time of the blockade, it deprecated reports of Soviet military units in Cuba by insisting that they consisted of several thousand technicians. This was not true then, but the press was willing to buy it. As reports began to percolate of two full divisions of Soviet troops, with tank and artillery complements and a modern MiG arm of some 200 planes, the White House and the Pentagon flatly stated that there had been no post-blockade build-up. But this does not square with the present lame admission that there are some 17,000 Soviet troops—actually, closer to 40,000—on the island. The denial and the admission are mutually exclusive. Interestingly, efforts have been made to sweep under the carpet another Pentagon admission: Soviet submarines are refueling at the Cuban bases which we were formerly told did not exist.

Had the Bay of Pigs been allowed to succeed, there would be no problem today. At a relatively small cost in lives, Cuba would have been liberated. Now it will require the threat of a major force, with tactical missiles in reserve, to oust the Soviets and to topple the Castro Communist regime. That is, of course, if Comrade Khrushchev has the stomach to fight. The Administration is stressing the danger of an assault on Cuba, hoping to generate a "do you want to die for Danzig" psychology. There are those with a somewhat better knowledge of Communist strategy who argue—and convincingly—that at the first show of real American determination, the Kremlin will leave Fidel Castro to his fate. After all, Comrade Khrushchev is getting what he wanted most—the dismantling of missile bases in Europe and Turkey. He is not prepared for all-out nuclear warfare, and any conventional conflict will mean a collapse of the Communist system. His only hope is that the Administration will continue to play Caspar Milquetoast.

That there would be opposition to the President's "tax reform" and "tax cut" was predictable. What surprises the Democratic Senate-House leadership is the source of some of that opposition. For example, past and present members of the vast federal bureaucracy are furious at provisions which will tax their sick pay. It also reaches out to those under 65 living on annuities. At present a retired federal worker drawing a $3,000 pension is not taxed. If the President's proposals become laws, he will have to pay $270 in income tax. (This, presumably, is meant to increase his purchasing power.) But it is not all gloom. In order to hand out bigger pay to federal employees, the government has been raising them in grade, though they continue to do the same work. Since 1958, the number of federal employees in the top grades—13 to 18—has increased 58%.

QUINCY

Syracuse two weeks ago that the American people are ready to go to war to get rid of Communism in Cuba.

The Western Hemisphere is at war with Castro whether the Administration knows it or not, and the Congress must not permit the President to tuck the topic away until the week before the 1964 elections or to divert attention from it by arguing about arithmetic. The President may think the GOP is the enemy, but patriots don't see things that way.

BRIEFS: Congress-ordered cutoff on foreign aid to any nation that expropriates U.S. property without compensation (or plans for compensation) became effective last week. Two immediate results: aid to Ceylon stopped; expected move by Chile to take over U.S. copper mines hasn't materialized. . . . **Latest SANE bulletin instructs SANErs to write their congressmen urging signing of nuclear test treaty because "Congress is the weak point."** . . . Rep. Craig Hosmer, head of a Republican House Committee to look into nuclear test question, has gotten strong statements from Edward Teller, Adm. Lewis Strauss opposing any new moratorium as danger to national survival. Wm. C. Foster, U.S. Disarmament Chief, took 12½ pages to urge, in effect, more patience with the Soviets.

Sentenced to death last week: two Russian restaurant managers. Their crime? They didn't put the required amount of fat in meat pies. . . . West German press now running electrified news briefs (Times Square style) on building facing the Wall to keep East Berliners up to date on world developments. . . . Despite several recruiting drives in past six years, strength of Hungarian Communist Party is only 480,000—less than half what it was before 1956 revolt. . . . Among nominees for Lenin Prize this year is Bruno Pontecorvo, British atom expert and spy who defected to the Soviet Union twelve years ago.

Music and the Cold War: Soviet astronaut Yuri Gagarin hauled out for current USSR cultural drive against modern art and jazz. . . . Rumania's Cole Porter, Eliza Georgescu, hit the gong last week with two tunes on Bucharest Hit Parade: *Come, the Combine's in the Field* and *My Sweetheart's a Collective Farmer*. . . . In Lebanon, authorities have banned belly dance and twist, expelled French Twist King Johnny Halliday and jailed twelve cabaret patrons in Beirut who were caught twisting. . . . Operating in Saigon these days, where all dancing is now forbidden, are GI-sponsored "Dance-Easys." Password hasn't changed. It's still: "Joe sent me."

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• Trends •

Confirmation on Cuba

Not all of the cards are on the table, but enough of them have been turned face up to suggest the truth about the April 1961 disaster at Cuba's Bay of Pigs.

Piecemeal revelations concerning the invasion which expired in that bloody marshland make it increasingly clear that President Kennedy abandoned the Cuban Freedom Fighters in their hour of crisis. This fact has been stressed by the survivors of the expedition, by newspaper editors, and by members of Congress. More to the point, it has now been admitted, although inadvertently, by the Kennedy Administration itself.

There has been a great deal of discussion over the fact that Attorney General Robert Kennedy denied that U.S. air cover was "withdrawn" during a critical phase of the invasion in an interview with *U.S. News & World Report.* He asserted there never had been any plan for such air cover, and that "there was nothing to withdraw." This argument was subsequently backed up by the President himself at one of his press conferences.

Immediately there ensued a loud and bitter argument. Senator Barry Goldwater said he had previously been informed that there was to have been air cover for the Freedom Fighters. Editor and publisher Jack Gore of the *Ft. Lauderdale* (Fla.) *News*, wrote that on May 10, 1961 President Kennedy had informed a group of Florida editors that air cover had been planned, and that he (the President) had personally cancelled it. "On that day," Gore wrote, "less than a month after the invasion had failed miserably, the President told us air cover was available to protect the invaders, but that he had made the decision not to use air power."

Gore's statement was validated by two other Florida newspapermen present at the meeting. Martin Anderson, publisher of the *Orlando Sentinel-Star*, said he remembered the conversation and added: "I have thought about it a thousand times. The air cover was cancelled about 3 A.M. the day of the invasion." John H. Perry Jr., publisher of the *Palm Beach Post-Times*, confirmed Gore's article, saying: "To the best of my recollection, that's substantially correct."

This view of the controversy is endorsed by the various exile leaders who took part in planning the invasion. Manuel Antonio de Varona, a leader in the exile movement, says: "The colonel designated by the Government of the United States as head of the camp where the Cubans trained assured me in February 1961, when I expressed concern over the reduced number of troops, that the Cuban patriots would have 'full air control' during the invasion." Similar statements from other exiled officials are contained in the February 4, 1963 issue of *U.S. News.*

The argument thus seems to square off with the Brothers Kennedy maintaining there never was a plan to provide air cover, against Senator Goldwater, editor Gore, and the exiles maintaining the opposite. Yet examination of the facts in the case indicates that the disagreement is more verbal than substantive, and therefore more apparent than real. *For although Robert Kennedy clearly sought to exculpate the President in the matter of supplying air support to the Cubans, he in effect did the opposite.*

In denying that his brother had "withdrawn air cover," the Attorney General went on to say what his brother *did* do—namely, "postpone" an "air strike." Here is the quotation from the interview in *U.S. News:*

"What happened was this: one air attack had been made on Saturday on Cuban airports. There was a flurry at the United Nations and elsewhere, and as a result, U.S. participation in the matter was coming to the surface. This surfacing was contrary to the pre-invasion plan. There was supposed to be another attack on the airports on Monday morning.

"The President was called about whether another attack which had been planned should take place. As there was this stir about the matter, he gave instructions that it should not take place at that time unless those having the responsibility felt that it was so important it had to take place, in which case they should call him and discuss it further.

"And that's what was postponed. It wasn't air cover of the beaches or landings. And, in fact, the attack on the airports took place later that day."

Close reading of those paragraphs reveals that while the Kennedys' rebuttal to Senator Goldwater, *et al.*, may be of rhetorical significance it has no substantive weight at all, for Robert Kennedy clearly admits that the President deprived the Cubans of air support in the form of bombing sorties—sorties which, he fails to add, were critically important to the success of the invasion.

The original plan of the operation called for bombing raids to knock out Castro's air force on the ground. President Kennedy's "postponement" of the second raid proved to be decisive. Because of it, Castro's planes were able to cut the rebels to pieces on the beach. By the time the President had got through hesitating over the matter and okayed the second air strike, it was too late. The invasion had been crushed.

Thus what Robert said in essence is a confirmation: it attests to the fact that air support necessary to the success of the invasion was denied by Presidential order. Indeed, the confirmation even extends to the causes of this tragic decision alleged by Senator Goldwater and editor Gore—pressure through the United Nations. As Robert's statement has it, the President wavered on the second air strike because of "a flurry at the United Nations and elsewhere."

Perhaps the Attorney General had better leave the next venture in news manipulation to more experienced practitioners of the art.

M. Stanton Evans

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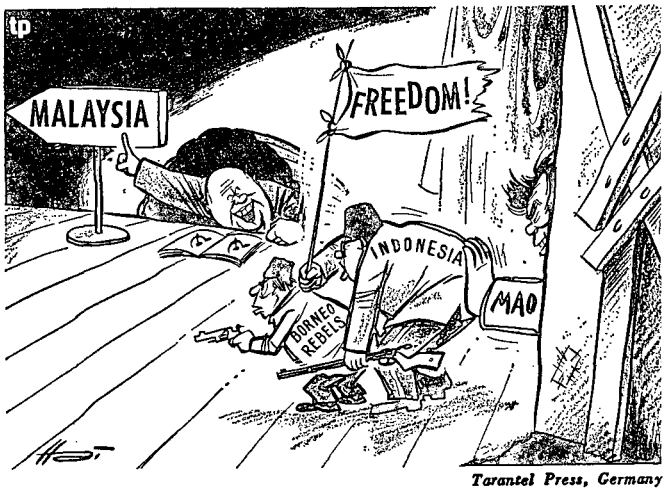
° Abroad °

Jakarta. A. M. Azahari, the self-proclaimed leader of the rebellion in northern Borneo, finally got out of Manila to report to his patron, Indonesia's Sukarno. The Indonesian Chief of Staff, Major General Achmad Jani, has completed a checkup of troops in the southern (Indonesian) part of Borneo, where two divisions of "volunteers" are waiting for orders to "liberate" North Kalimantan—Azahari's name for the three British territories of Brunei, Sarawak and North Borneo. Although Manila continues to assert her own Borneo claims, President Macapagal was much disturbed recently when shown an Indonesian strategic map that displayed not only all Borneo but a considerable part of the Philippines as Indonesian territory. South Africans newly returned from Australia report that country faces a greater threat from Indonesia than their own from African nationalism.

New Delhi. Although India is an impoverished nation, living on handouts, with more than half the population always on the brink of starvation, her people possess—as private, not national, property—far and away more gold than the people of any other country; more, quite probably, than all the other inhabitants of the world combined. And it is not just the wealthy who own the gold; every peasant woman has a gold anklet, ring, nose stud and necklace. The privately-owned gold hoard is officially estimated to total between $9 and $13 billion. Every year at least $100 million in gold is smuggled into India. There are 500,000 goldsmiths and 25,000 jewelry shops, where the savings of the population have been exchanged for 22-carat gold ornaments. The Himalayan War shocked the government into trying to do something about this economically fantastic situation. A law was passed decreeing that after February 9 only 14-carat gold objects may be sold, and that any 22-carat items remaining on the shelves are to be confiscated. It was believed that patriotic fervor plus a distrust of the lower grade gold compound would reduce the demand sufficiently to stop the smuggling and divert some savings to investment. The only result so far has been a buying stampede that cleaned all 22-carat objects from the shelves.

Zomba, Nyasaland. On February 1 Nyasaland became self-governing, and Dr. Hastings Banda was sworn in as the first Prime Minister. He proclaimed the birth of Malawi (the African name for the country) and announced that it would soon secede from the Rhodesian Federation, thus starting "a chain of reactions in Africa." Malawi is now, Dr. Banda declared, "a black man's country in a black man's continent." As he was sworn in, the crowd sounded whistles and bells, and chanted, "Kamuzu Ndi Nkango" (Banda is a lion).

Taipei. Free China continues its intensive and carefully planned campaign to court the new nations of Africa. During 1962 diplomatic relations were established with Upper Volta, Chad, Dahomey and Central African Republic. Among the sub-Saharan nations, a majority now recognize Taipei, and only Guinea, Mali, Somalia, Sudan, Tanganyika, Uganda have relations with Peiping. Free Chinese experts in agriculture, fishing, irrigation and public health—whose experiences in Taiwan are applicable to many of the African countries—are being sent out on both traveling and permanent missions. Hundreds of Africans are visiting Taiwan yearly, some to stay for special technical seminars designed with their problems in mind. Intellectuals and diplomats are also busy with cultural exchanges.



Tarantel Press, Germany

Athens. Although the booming capital city and mass tourism give many visitors the impression of a healthy upsurge, Greece's economy is not sustained by any solidly based dynamism. The surest proof is that she is being bled of her most valuable asset. Her citizens are getting out—and the citizens most important for her strength and future: those between the ages of 22 and 35, among them many trained workers and technicians. Some 30,000 left in 1961; 82,000 in 1962. Of these, 60% are going to West Germany (though not all of them will remain there permanently); most of the others, to Australia or South Africa, where they are settling for good. Only the large transfers home from the immigrants—$25 million from Germany, $60 million from the sterling zone and $70 million from the earlier immigrant wave now settled in the United States—combined with $150 million from tourism were able to make good the deficit in the 1962 commercial trade balance.

Nairobi, Kenya. One result of the agreement reached last autumn that Kenya will be independent, probably this year, is the collapse of the already badly ailing property market. Hundreds of farms, ranches and houses are being offered for sale by despairing whites, but there are few buyers. The famous Highlands hotel at Molo—"where a visitor can enjoy hunting, polo, golf, riding, tennis and fishing in a truly English country atmosphere," said the auctioneer—together with its golf course and a 300-acre farm was finally bought in by an Asian for £3,000 against a value of £20,000 four years ago.

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• The Investor •

Wall Street professionals insist it is an essentially healthy and vigorous stock market, even though to most traders it seems indecisive, hesitant and endowed with unusual lackluster.

The selloff of five points in one afternoon was considered by many to be a bottoming out of the persistent profit-taking that has distinguished the market in the wake of each advance for the last six months.

My own poll of 14 brokers showed 8 of them believing that the market has reached a sort of plateau and will continue along at the current high level for the next six to eight weeks. Only one of the 14 thought the market would go lower. The remaining five think it will go higher by slow stages.

Almost all analysts believe that volume is due to increase and will continue to increase as the year advances.

Uncertainty over the destiny of the President's tax bill still bothers the professional investors. They are certain that Congress will not give the President all he asks, which in most respects would mean a tax increase for those in the middle and upper brackets and a slight increase in the immediate future for corporations, but they are not certain how much pressure the Administration will bring to bear, or what form it will take.

Although Congress has agreed to put the tax program at the head of the legislative list, practical assessment from the Wall Street perspective indicates that the whole year probably will be taken up by tax discussions. Somewhere along the way the President's tax reform idea went awry, and it's having serious depressant effects on professional stock traders. High taxes confiscate capital that is needed for investment, and investment is what creates jobs. Although the Kennedy program is hailed as one which will lower taxes, in its suggested form it will actually increase them for many people.

As near as can be determined from the sketchy figures anyone earning more than, say, $12,000 to $15,000 will pay a higher tax on his 1963 income rather than a lower one. Curbed by an arbitrary limit on deductions and by the prospect of new capital gains rules, that segment of the population which provides the risk capital needed to power the nation's economic machine will have less capital to risk under Mr. Kennedy's plan.

The whole government economic picture remains so confused it dampens investor enthusiasm. Perhaps the most confusing statement during the week came from Chairman Walter Heller of the President's Council of Economic Advisers. Acknowledging that a record-setting federal budget deficit is in the making, he said we are entering an era of "deficits of strength."

There are, it seems, deficits of weakness and deficits of strength. Last year when the deficit ran to $8 billion and more it had a weakening effect on the economy. But adding a few billion dollars more to the deficits, reasons Mr. Heller, will turn this weakness into a strength. Hard heads on Wall Street saw this but were unable to find evidence of strength in this logic.

Repercussions of the business world's difficulty with the Administration cropped up as U.S. Steel, Bethlehem Steel and Jones & Laughlin all reported greatly reduced profits for 1962. They were the top three companies affected by the proposed—the rejected—steel price increase following the higher union wage contracts.

Even so, the steel industry, along with the automobile industry, captures the attention of several key analysts, who in reports to clients have predicted brisk earnings and profits for the first half of 1963.

The record profit of $1.4 billion reported by General Motors excited the business world and the stock market but also stimulated the anti-trusters who are afraid when business becomes too big.

Wall Streeters point out, however, that if GM has $1.4 billion after taxes, it paid directly to the Federal Government about a billion and a half in taxes, exclusive of excise taxes. Moreover, GM was able to achieve this record only after spending $1 billion a year for the last several years in capital investment. This is more than the combined expenditures for public works by the Federal Government itself. For instance, last year an accelerated public works program cost taxpayers $400 million and the depressed areas project $40 million. General Motors paid three times that in taxes.

If the late GM Chairman Charles Wilson was right when he said, "What's good for the country is good for General Motors and vice-versa," it looks as though somebody's doing right by the company and GM is reciprocating handsomely.

DONALD I. ROGERS

Congress is expected to pass new silver bill which would: 1) repeal provisions requiring the Treasury to buy at 90.5¢ per ounce, all new-mined domestic silver offered to it; 2) repeal special 50% tax on silver trading profits; 3) abolish silver backing for currency, and silver certificates, leaving only Federal Reserve notes. Behind this move is the huge growth in demand for silver by the electronics and photography industries, forcing annual world consumption to twice world production. Silver's price is up 39% in the last year to $1.26 per ounce, close to the monetary level of $1.29. If it crosses that barrier, silver coins will be melted down.

While Sukarno beefs up forces for his move against Borneo, the Indonesian rupiah drops further. Official rate is still 45 to the dollar; open market, 840 to the dollar.

Big gainers in gold reserves last year were France, Britain, Austria and Spain; big losers, U.S. (down $912 million), Canada (down $244 million) and Switzerland (down $82 million).

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